



News Tracker:

-Natural gas spot prices fell at virtually all locations this Report Week (Wednesday, May 11, to Wednesday, May 18). The Henry Hub spot price fell by a dime, from \$2.01 per million British thermal unit (MMBtu) on Wednesday, May 11 to \$1.91/MMBtu on Wednesday, May 18.

-At the New York Mercantile Exchange (Nymex), the June 2016 natural gas futures contract price fell significantly, from \$2.173/MMBtu to open the Report Week, to \$2.001/MMBtu to close the Report Week.

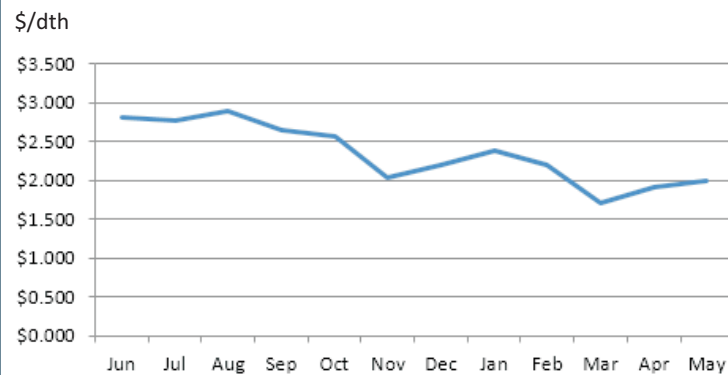
- Working gas in the Lower 48 states posted its fifth consecutive week of net injections, at 73 Bcf for the week ending May 13. Net injections into storage this week are significantly lower than the five-year average and lower than last year's injections. The five-year average net injections into storage is 91 Bcf, while last year's net injection was 98 Bcf. Working gas stocks could finish the cooling season near the record high, which was in 2015, when working gas stocks totaled 3,931 Bcf, following a summer with normal temperatures. Working gas stocks are 795 Bcf above the five-year average and 791 Bcf above last year at this time.

- Cumulative net injections into working gas total 274 Bcf thus far in the 2016 refill season, compared with the five-year average (2011-15) of 353 Bcf and last year's tally of 491 Bcf during the same period. Despite the slow start to the refill season, working gas stocks remain near record-highs for this time of year because they ended the 2016 withdrawal season at a record high. Working gas stocks as of last Friday were 65 Bcf above the previous five-year (2011-15) maximum of 2,689 Bcf for this time of year, which occurred in 2012. This surplus over the 2012 refill season record level increased for the 4th consecutive week.

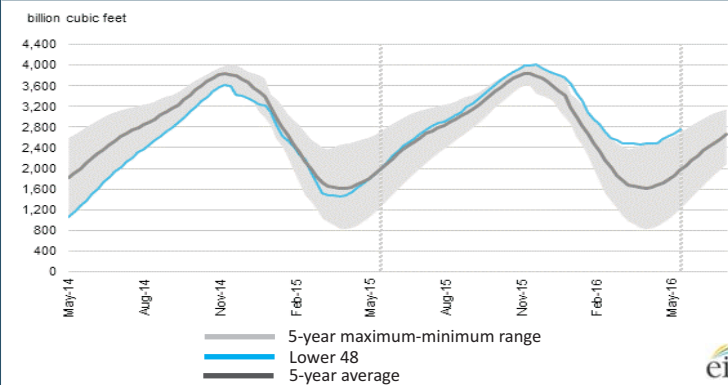
- Decisions on injecting gas into storage during the refill season are often made with an eye toward the upcoming January, because it's typically the coldest winter month. During the most recent storage week, the average natural gas spot price at the Henry Hub was \$1.99/MMBtu, while the Nymex futures price of natural gas for delivery in January 2017 averaged \$3.08/MMBtu, a difference of \$1.09/MMBtu. A year ago, the premium was 56¢/MMBtu, suggesting there's more financial incentive this year to buy and store natural gas in the summer for sale in the winter.

-According to Baker Hughes data, for the week ending May 13, the natural gas rig count increased by 1 to 87, and oil-directed rigs fell by 10 to 318. The total rig count fell by 9, and now stands at 406. The oil rig count has been falling consistently since late 2014, when it exceeded 1,600. Excerpted from

Monthly NYMEX Natural Gas Settle Price: Jun 2015 - May 2016:



Working nat. gas in underground storage as of May 13, 2016

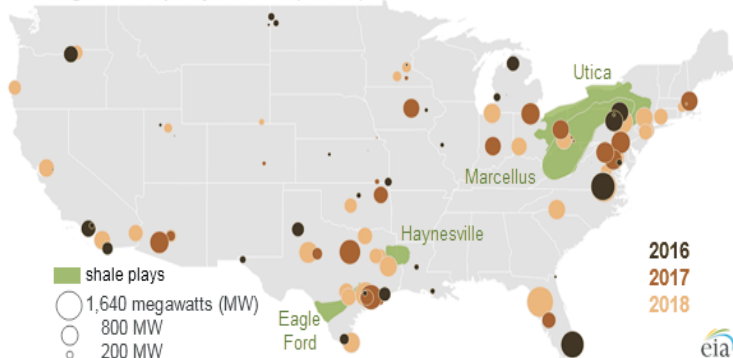


Forward 12-month NYMEX natural gas strip price - Jun16-May17:

Process Load-weighted \$2.535/dth (w/w = -\$0.156)
 Typical Heat Load-weighted \$2.725/dth (w/w = -\$0.151)

Many natural gas-fired power plants under construction are near major shale plays:

Natural gas-fired capacity additions (2016-18)



Natural gas-fired power generation increased 19% in 2015, because of low natural gas prices, increased gas-fired generation capacity, and coal power plant retirements. The US Energy Information Administration's (EIA) May 2016 Short-Term Energy Outlook forecasts that this year, natural gas-fired generation will exceed coal generation in the United States on an annual basis. Growth in natural gas-fired generation capacity is expected to continue over the next several years, as 18.7 gigawatts (GW) of new capacity comes online between 2016 and 2018. Many of the new natural gas-fired capacity additions in development are near major shale gas plays. The Mid-Atlantic states and Texas have the most natural gas-fired capacity additions under construction with planned online dates within the next three years (2016-18). The cumulative capacity additions shown herein include plants that are under construction. The Mid-Atlantic states and Texas also have the most regulatory permit filings for new gas-fired capacity additions. Their combined received and pending permits amount to a cumulative 12.1 GW over the 2016-18 period. Texas leads the United States in permit filings, with received and pending permits to construct a cumulative 6.6 GW over the 2016-18 period.

“One of the patients said that L-dopa had become “Hell-dopa”. A very, very complex business.
 Morally complex, medically complex” -Oliver Sacks¹

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¹ Oliver Sacks Interview - Academy of Achievement (December 22, 2015), retrieved May 20, 2016, from <http://www.achievement.org/autodoc/page/sac1int-1>